

NATIONAL CREDIT UNION SHARE INSURANCE FUND

Your savings federally insured to \$100,000

NCUA

*National Credit Union Administration
a U.S. Government Agency*

FINANCIAL HIGHLIGHTS MAY 31, 2005

**DENNIS WINANS
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS

May 31, 2005

Balance Sheet:

Investments: US Government Securities — increased by \$33.2 million due primarily to the collection of one percent deposit adjustments due from credit unions on April 15.

Due from Credit Unions — of \$0.7 million represents the amount of one percent deposit adjustments due from credit unions on April 15, 2005.

Recoveries From Liquidated Credit Unions — balance decreased by \$3.7 million due primarily to the setup of an allowance for loss on a liquidated credit union.

Interest Receivable — net decrease of \$21.2 million is due to a combination of \$14.1 million in accrued interest earned in May and payments of \$35.3 million received by the NCUSIF in May.

Prepaid & Deferred Charges — is \$0.5 million for May \$7.0 million was transferred to the operating fund to cover 57% of the agency's operating costs. May's actual operating costs were \$6.5 million.

Other Assets — represents balance due to the NCUSIF from monies loaned to NCUA for purchase of the King Street building.

Check Clearing Accounts — of \$18 thousand is primarily for failed EFT's and refund checks issued to credit unions that declined in insured shares and have not cleared through the banking system as of May 31.

Provision for Credit Union Losses (Reserves) — of \$69.6 million includes additional reserves of \$59 thousand for May.

NCUSIF Equity — is 1.29% for May. The equity ratio is based upon an insured share base of \$500.0 billion for December 31, 2004.

Statement of Revenue and Expense:

NCUSIF Total Operating Expense — of \$6.5 million includes \$63 thousand in direct expenses paid by the NCUSIF for state examiner training, leasing expense for state examiner laptop computers, and other insurance related items.

Insurance Loss — is \$59 thousand for May. This increase is for new reserves or reserve increases for specific problem credit unions.

TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND
BALANCE SHEET
MAY 31, 2005

ASSETS	MAY 2004	APRIL 2005	MAY 2005
Investments:			
U.S. Government Securities	\$6,169,033,837.03	\$6,401,512,655.17	\$6,434,728,716.72
Advances to Credit Unions:			
NCUSIF Subordinated Notes	0.00	0.00	0.00
Share Deposits	0.00	0.00	0.00
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Total Advances to Credit Unions	0.00	0.00	0.00
Other Receivables:			
Due from Credit Unions	2,318,763.40	6,699,845.00	725,015.91
Loans due to NCUSIF	3,612,840.96	7,344,577.92	7,344,577.92
Recoveries from Liq. CU	18,334,724.40	26,241,628.33	22,570,809.62
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Total Other Receivables	24,266,328.76	40,286,051.25	30,640,403.45
Cash	31,475.38	53,534.17	6,388.35
Interest Receivable	44,392,198.56	55,310,671.77	34,127,650.95
Prepaid & Deferred Charges	1,711,617.17	494,288.48	526,973.85
Leased Assets	758,467.64	378,863.87	378,863.87
Other	25,927,792.42	24,697,699.73	24,585,654.94
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TOTAL ASSETS	\$6,266,121,716.96	\$6,522,733,764.44	\$6,524,994,652.13
	=====	=====	=====
LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$16,087,930.06	\$16,481,164.03	\$16,161,532.69
Other	4,269.74	4,370.21	12,091.70
Check Clearing Accounts	3,109.49	400,433.85	17,990.73
Dividend Check Clearing	0.00	0.00	0.00
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Total Current Liabilities	16,095,309.29	16,885,968.09	16,191,615.12
Provision for CU Losses (Reserves)	87,622,790.84	73,866,414.67	69,596,597.62
Lease Liabilities	730,318.26	315,274.97	315,746.14
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TOTAL LIABILITIES	\$104,448,418.39	\$91,067,657.73	\$86,103,958.88
EQUITY			
CU Contributed Capital	\$4,781,676,365.00	\$4,999,049,384.79	\$4,998,862,182.36
Retained Earnings	1,379,996,933.57	1,432,616,721.92	1,440,028,510.89
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TOTAL EQUITY	\$6,161,673,298.57	\$6,431,666,106.71	\$6,438,890,693.25
TOTAL LIABILITIES & EQUITY	\$6,266,121,716.96	\$6,522,733,764.44	\$6,524,994,652.13
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COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending May 31, 2005

	MAY 04	APR 05	MAY 05
1. Investments/Total Assets	98.45%	98.14%	98.62%
2. Total Equity/Insured Shares	1.29%	1.29%	1.29%
3. Prov. for Losses/CU Capital	1.83%	1.48%	1.39%
4. Non-Earning/Total Assets	1.14%	1.48%	1.01%
5. Available Asset Ratio	1.26%	1.25%	1.26%

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE
FOR THE PERIOD ENDING MAY 31, 2005

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2005	CY TO DATE BUDGETED 2005	CY TO DATE 2004
Investment Income	\$13,955,593.02	\$11,500,000.00	\$62,159,087.60	\$57,500,000.00	\$51,292,342.74
Other Income	50,871.54	44,000.00	229,475.80	\$220,000.00	220,466.91
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Total Income	14,006,464.56	11,544,000.00	62,388,563.40	57,720,000.00	51,512,809.65
EXPENSE					
Employee Pay	\$3,973,281.76	4,309,162.34	\$19,278,992.89	20,968,459.87	20,282,370.36
Employee Benefits	\$1,026,610.04	1,113,039.49	\$5,054,106.67	5,420,392.40	5,149,387.08
Employee Travel	\$599,513.13	608,897.60	\$2,142,214.60	3,044,488.01	2,209,061.42
Rent/Communications/Utilities	\$175,424.21	186,679.74	\$790,091.82	933,398.72	1,142,010.82
Administrative Costs	\$401,544.01	498,672.47	\$2,483,451.23	2,493,362.33	1,910,946.14
Contracted Services	\$296,653.00	393,604.84	\$1,035,144.10	1,968,024.22	1,058,422.60
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Subtotal NCUA Operating Exp.	6,473,026.15	7,110,056.48	30,784,001.31	34,828,125.55	31,752,198.42
AMAC Expense	0.50	1,589.33	304.25	7,946.65	36,896.30
Training Expense	58,840.37	90,000.00	293,873.06	450,000.00	347,391.68
Leasing Expense	471.17	35,000.00	140,168.03	175,000.00	177,739.35
Other Insurance Expense	3,557.06	3,500.00	14,100.92	17,500.00	14,490.08
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Total Operating Exp.	6,535,895.25	7,240,145.81	31,232,447.57	35,478,572.20	32,328,715.83
Insurance Loss	58,780.34	1,500,000.00	7,291,862.49	7,500,000.00	7,981,313.88
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Total Expense	6,594,675.59	8,740,145.81	38,524,310.06	42,978,572.20	40,310,029.71
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NET INCOME	\$7,411,788.97	\$2,803,854.19	\$23,864,253.34	\$14,741,427.80	\$11,202,779.94
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Retained Earnings, Beginning of Year			\$1,416,164,257.55		\$1,368,794,153.63
Prior Year Adjustment			0.00		0.00
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As Restated			1,416,164,257.55		1,368,794,153.63
Net Income			23,864,253.34		11,202,779.94
			-----		-----
			1,440,028,510.89		1,379,996,933.57
Dividends			0.00		0.00
			-----		-----
			\$1,440,028,510.89		\$1,379,996,933.57
Retained Earnings, Year To Date			=====		=====

Comparative Analysis of NCUSIF Ratios for May 31, 2005

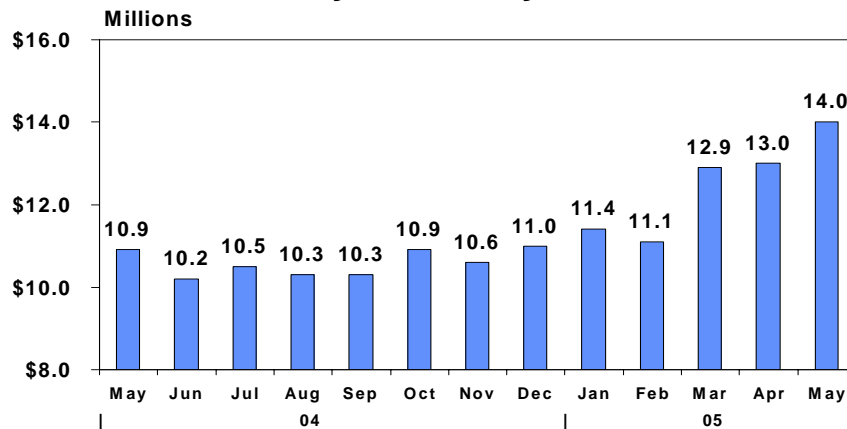
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	50.70%	46.66%	62.76%	50.06%
2. Ins. Loss/Total Income	-1.89%	0.42%	15.49%	11.69%
3. Total Exp./Total Income	48.80%	47.08%	78.25%	61.75%
4. Net Income/Total Income	51.20%	52.92%	21.75%	38.25%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.00%

TABLE 3 - STATEMENT OF CASH FLOWS
May 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$66,277,404.49
Other income received	229,475.80
Cash paid for operating expenses	(32,889,970.59)
Net cash (paid) received for insurance losses	<u>(13,546,056.10)</u>
Net cash provided by operating activities	20,070,853.60
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(77,180,817.48)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>559,223.95</u>
Net cash provided by (used in) investing activities	(76,621,593.53)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	56,551,725.27
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	56,551,725.27
NET INCREASE (DECREASE) IN CASH	985.34
CASH, BEGINNING OF YEAR	5,403.01
CASH, ENDING MAY 31, 2005	<u><u>\$6,388.35</u></u>

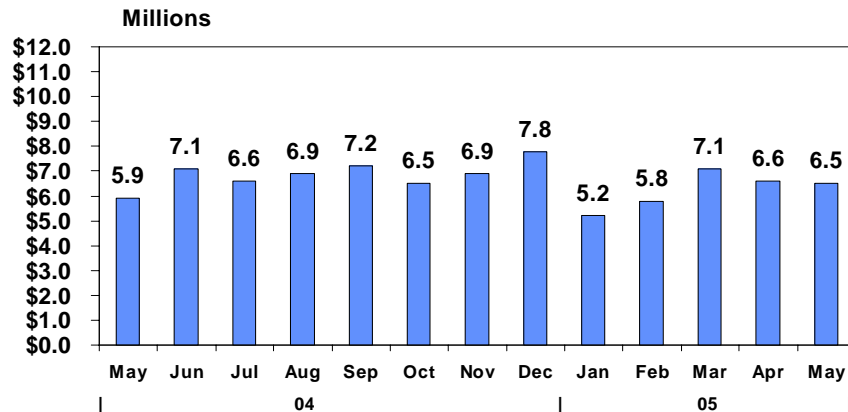
GROSS INCOME

May 04 – May 05



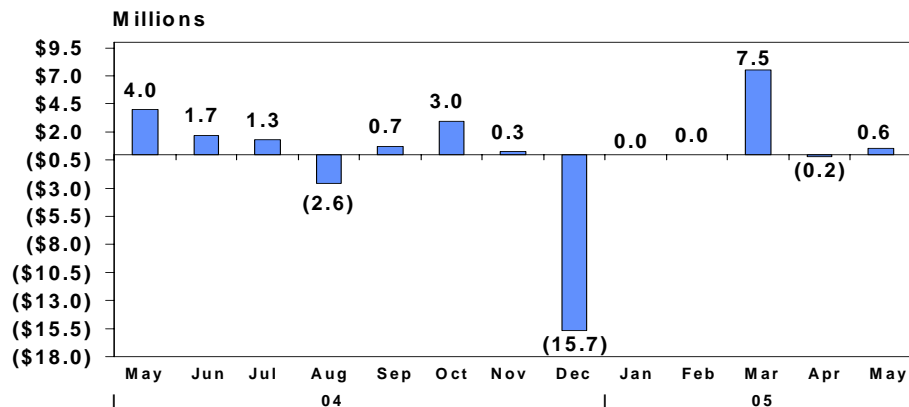
OPERATING EXPENSE

May 04 – May 05



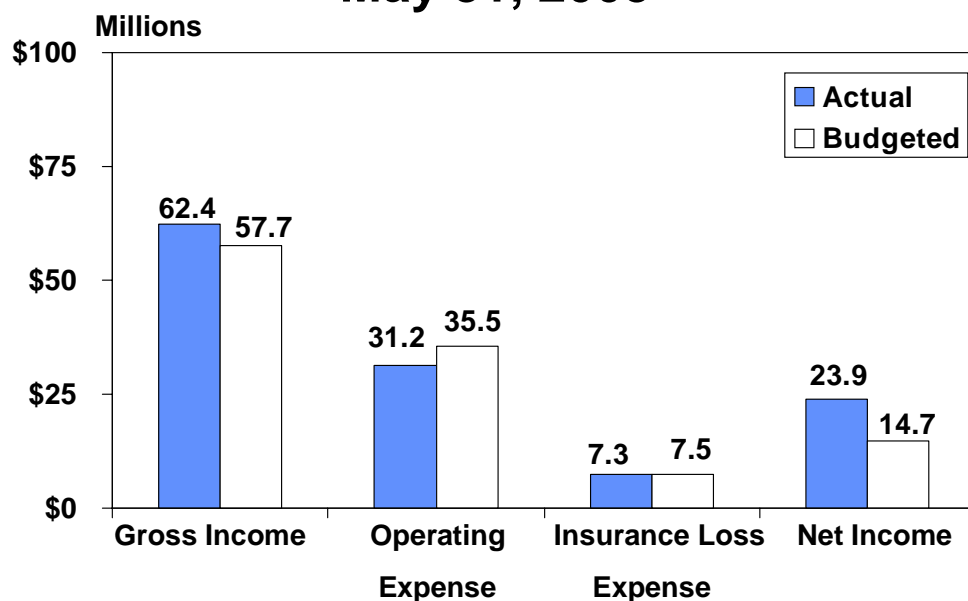
INSURANCE LOSS EXPENSE

May 04 – May 05



REVENUE AND EXPENSE

May 31, 2005



NCUSIF EQUITY RATIO

MAY 31, 2005

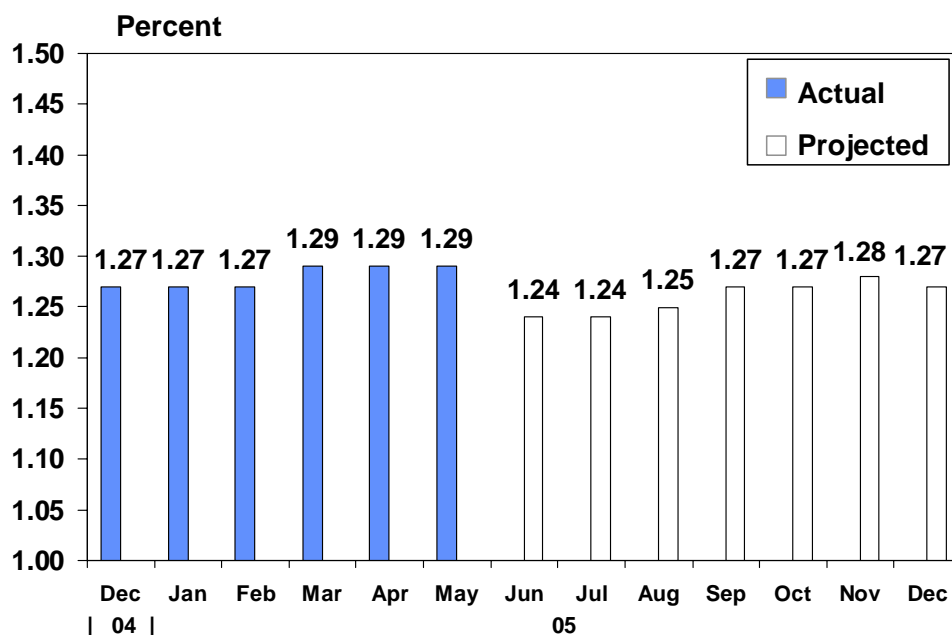
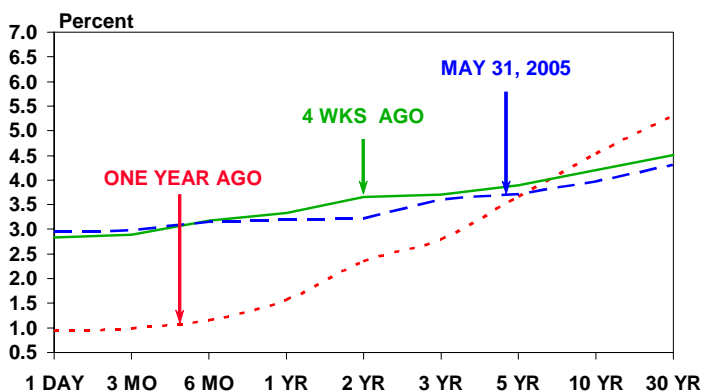


TABLE 4

INVESTMENT PORTFOLIO SUMMARYMay 31, 2005

I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	(Gain or Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$1,977,410,000	\$1,977,410,000	\$0	100.0%	2.96%
U.S. Treasury Notes	\$4,457,318,717	\$4,411,937,500	(\$45,381,217)	99.0%	2.33%
TOTAL	\$6,434,728,717	\$6,389,347,500	(\$45,381,217)	99.1%	2.52%
II. INVESTMENT PORTFOLIO PERFORMANCE					
	Last Month	Current Month	CY To Date	CY05 Projections	
Investment Yield	2.43%	2.52%	2.35%	2.75%	
Investment Income	\$12,984,013	\$13,955,593	\$62,159,088	138 Million	
Income Budgeted	\$11,500,000	\$11,500,000	\$57,500,000	138 Million	
Income/Budgeted Ratio	112.9%	121.4%	108.1%	100.00%	
Weighted Avg. Maturity in Days	337	308			
III. MONTHLY ACTIVITY					
Purchase	Type	Amount	Maturity	Yield	
TOTAL		\$0			
IV. MATURITY SCHEDULE (par value in millions)					
3 months or less	2,377.4				
3 months - 1 year	1,400.0				
1 year - 2 years	2,000.0				
2 years - 3 years	600.0				
3 years - 4 years	0.0				
TOTAL	\$6,377.4				

TREASURY YIELD CURVE



MATURITY SCHEDULE

May 31, 2005

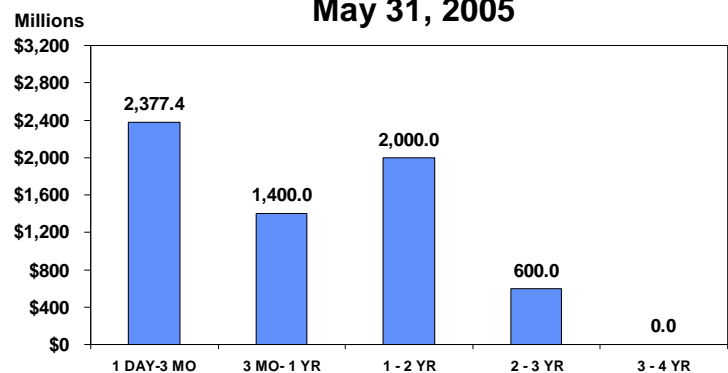


TABLE 5

MONTHLY YIELD COMPARISONS**May 31, 2005**

YIELD COMPARISONS								
	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05
NCUSIF Yield	2.00%	2.00%	2.01%	2.10%	2.27%	2.36%	2.43%	2.52%
90 day T-Bill	1.89%	2.21%	2.22%	2.50%	2.74%	2.78%	2.89%	2.97%
1 year T-Bill	2.28%	2.61%	2.75%	2.94%	3.19%	3.34%	3.33%	3.28%
2 year T-Note	2.57%	2.99%	3.08%	3.28%	3.58%	3.78%	3.65%	3.55%
30 year T-Note	4.81%	5.00%	4.84%	4.57%	4.72%	4.75%	4.51%	4.31%

YIELD COMPARISONS

May 31, 2005

